

## WHAT THEY ARE SAYING: From Across the Spectrum, the Drumbeat of Opposition to Bailing Out Irresponsible Homeowners Continues

March 10, 2009

- "President Barack Obama's plans for resolving the housing problem -- rewarding the irresponsible and playing favorites -- lack principle, equity and an understanding of the real estate market"
- "It will drive up mortgage rates and further destabilize the housing market"
- "Degrading that market further would hardly contribute to recovery"

Pittsburgh Tribune-Review: "Obama's mortgage policies: Where's the equity? ... President Barack Obama's plans for resolving the housing problem -- rewarding the irresponsible and playing favorites -- lack principle, equity and an understanding of the real estate market. ... Meanwhile those who dutifully pay their mortgages on time can eat their hearts out about the artificially low mortgage rates that could be given to their not-so-responsible neighbors. ... Artificially manipulating the housing market -- depressing one part while propping up another -- is a cracked foundation on which to build a bailout policy." (Editorial, 3/9/09)

National Journal: "Obama also supports a 'cram-down' proposal -- authorizing bankruptcy judges to unilaterally cut distressed homeowners' payments -- that would be hopelessly unadministrable at best and might drive up mortgage rates." (Op-Ed, 3/7/09)

Bend Bulletin: "Kill the 'cramdown' ... [Cramdown] does more than give judges the power to reduce the amount owed on a home mortgage, which makes filing for bankruptcy much more attractive than it otherwise would be. It also is likely to make lenders more reluctant to lend on owner-occupied homes in the future. Knowing judges can simply come in and reduce what they're owed is likely to force up home-loan interest rates, experts say, and it may well make getting those loans at any interest rate more difficult." (Editorial, 3/9/08)

Investor's Business Daily: "Home A Loan ... The House continued on Thursday to mortgage everyone's future by approving 234-191, largely along party lines, a measure giving bankruptcy judges the power to reduce the interest rate and principle on a home mortgage. ... The net effect will likely be - surprise! - more bankruptcies to avoid the consequences of making bad decisions such as buying more house than one can afford or cashing out one's equity to finance a lifestyle one can afford. Frugality is no longer rewarded ... We suspect it will drive up mortgage rates and further destabilize the housing market. Lenders will be more reluctant to lend if a judge can reduce what is owed with the stroke of a pen. This further rewards those who bought too much house. ... The guy next door who gets nothing out of this. He's one of the 90% who bought houses they could afford with substantial and long-saved down payments, then worked hard and paid their mortgages on time." (Editorial, 3/6/09)

Washington Post: "President Double Talk ... Obama claims to seek bipartisanship but, in reality, doesn't. His bipartisanship consists of sprinkling his cabinet with token Republicans and inviting some Republican members of Congress to the White House to watch the Super Bowl. It does not consist of fashioning proposals that would attract bipartisan support on their merits. Instead, he clings to dubious, partisan policies (mortgage cramdown, union checkoff) that arouse fierce opposition." (Robert J. Samuelson, 3/9/09)

Orange County Register: "Don't make lenders swallow 'cramdowns' ... Allowing bankruptcy judges to cut mortgage balances would do more harm than good ... [the housing bailout] is one of those classic proposals that looks attractive on the surface but over the long run would do much more harm than good. ... If mortgage lenders know mortgage contracts can be broken by bankruptcy judges, they will have to take that risk into account when writing mortgages. That will mean higher interest rates or larger required down payments or a combination of both. These added costs would fall disproportionately on lower-middle-income and first-time homebuyers who have no existing home whose equity might be used - when and if conditions return to 'normal' - as a down payment. Reducing the principal on mortgages through judicial intervention would also further undermine the value of mortgage-backed securities. The decline in these values was one of the contributing factors to the current financial crisis. Degrading that market further would hardly contribute to recovery." (Editorial, 3/9/09)

Denver Post: "Don't let judges decide mortgages ... we question the so-called 'cram down' legislation that recently passed the U.S. House. It would give bankruptcy judges the power to modify home loans without the consent of banks. ... We hope those more sober minds continue to hold sway in the 'cram down' debate. ... Why should government step in and help homeowners refinance simply because they're 'underwater,' meaning they owe more on their homes than they're worth? If they're able to make their mortgage payments, those homeowners should ride out the bad market and hope for better days." (Editorial, 3/9/09)

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Like the American People, News Outlets Coast to Coast Oppose Bailing Out Irresponsible Homeowners